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SIPDIS

DEPARTMENT FOR EUR/CARC, EUR DAS MATT BRYZA

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TAGS: PGOV PREL RU AM

SUBJECT: MEDVEDEV'S VISIT FUELS ANXIETY ABOUT HASTY  
NAGORNO-KARABAKH RESOLUTION

Classified By: AMB Marie Yovanovitch, reasons 1.4 (b/d).

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SUMMARY  
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**¶1.** (C) Domestic reactions to Russian President Dmitriy Medvedev's October 21-22 visit to Armenia have primarily focused on Medvedev's announcement in Yerevan that he hopes to host the next meeting of Nagorno-Karabakh peace talks between Armenia's and Azerbaijan's presidents, as early as the beginning of November. Medvedev's announcement and comments that the two neighbors appear ready to "search for a solution" and that talks have reached an "advanced stage" prompted intense speculation on Russia's intentions to host the talks. Local observers have immediately assumed the worst, that Russia will use the meeting to hijack the Minsk Group framework, force a settlement on Armenia that goes against its and Nagorno-Karabakh interests, and secure a Russian transit route for Azerbaijani hydrocarbons. They also explained Medvedev's seemingly abrupt initiative as a Russian counter-attack to Washington's renewed diplomatic activity, and Turkey's recent engagement, in the South Caucasus. END SUMMARY.

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MEDIA REACTION ON MEDVEDEV'S VISIT  
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**¶2.** (SBU) Russian President Dmitriy Medvedev paid his first official visit to Armenia on October 21-22, and said that he had discussed the Nagorno-Karabakh conflict in detail with President Sargsian. The opposition media immediately responded, declaring that the sole purpose of the Russian president's visit was to accelerate a resolution of the Nagorno-Karabakh conflict. The "Hraparak" daily said that "Russia is taking on the role of a sole mediator," and that "if Medvedev manages to keep possession of the ball, he will preside over the signing of the framework agreement to settle the Nagorno-Karabakh conflict." Another opposition daily, Haykakan Zhamanak, agreed that "the main purpose of Medvedev's visit was to announce the meeting of the three presidents," and that the meeting would automatically block any Turkish involvement in the Karabakh peace process.

**¶3.** (SBU) On the theme of U.S.-Russian competition in the South Caucasus, the pro-government "Respublika Armenii" published excerpts of A/S Fried's October 17 press conference during Medvedev's visit, claiming that Fried's visit should be viewed as an "activation of a rivalry" between Moscow and Washington in the region. The opposition Haykakan Zhamanak chimed in, asserting that President Sargsian agreed to Russian mediation during Medvedev's visit, in spite of Fried's mission to prevent it from happening. The daily also cited the concurrent visit of "U.S. Diplomats and high-level military officers in Armenia" which was allegedly planned to "control" the Sargsian-Medvedev visit. (COMMENT: The daily was likely referring to the totally unrelated Business

Executives for National Security (BENS) visit sponsored by the Department of Defense which the Embassy hosted on October 21-22. END COMMENT.)

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THINK TANKS FEAR WORST IN MEDVEDEV'S SUMMIT INITIATIVE  
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¶ 14. (C) At a quickly arranged roundtable hosted by one of Yerevan's leading think tanks on October 23, two foreign policy experts sounded the alarm on what they perceived to be nefarious Russian intentions behind Medvedev's invitation to hold a trilateral meeting with Presidents Sargsian and Aliev. They claimed that the Kremlin would use the meeting to sell out Nagorno-Karabakh (NK) in exchange for Azerbaijani pledging to export its gas and oil across Russian territory.

¶ 15. (C) The experts explained Russia's abrupt initiative as a response to unprecedented U.S. diplomatic activity in the region, in the wake of the August Russo-Georgian war, with visits by the Vice President, Deputy Secretary of State, Assistant Secretary of State, and a solo visit by America's Minsk Group co-chair to the region in the last month. They stated that the Russians fear being outmaneuvered by Washington, want to repair their image in the South Caucasus by facilitating a resolution, and most importantly, want to guarantee a transit route of Azerbaijani hydrocarbons across Russian territory.

¶ 16. (C) The experts and participants in the discussion, which was standing room only, and attended by media and numerous representatives of the diplomatic corps, agreed that Russian

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intentions could only lead to ill consequences for Armenia. One of the experts said "the acceleration of Russia mediation" is dangerous, and has "unpredictable consequences," while comparing it to Saakashvili's launching of the August war with Russia. Others insisted that no agreement would be possible without first consulting the people of Nagorno-Karabakh. Others warned that neither Armenian nor Azerbaijani society was prepared for the compromises that will be forced upon the parties. Some commented that the Russians will pull out all the stops to bring about a deal, including pressure personally exerted by Prime Minister Putin if Medvedev fails to accomplish the job.

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COMMENT  
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¶ 17. (C) With the renewed diplomatic attention to settling the NK conflict, as conveyed through A/S Fried and President Medvedev's recent visits, Armenia's rumor mills are churning at full bore. Coupled with last weekend's fear-mongering by ex-President Ter-Petrossian that President Sargsian will cave to outside pressure and give away the store on Karabakh, Armenia's political classes have begun to fear the worst.

¶ 18. (C) Insular by nature, Armenian society can be paranoid when it comes to "the major powers" settling NK for them. Inured to 14 years of a cold peace that followed their bloody military victory in NK, Armenians have grown accustomed to the status quo of a cease-fire that requires few visible sacrifices of them. Former President Levon Ter-Petrossian and his supporters are bitter at the prospect that President Sargsian may succeed in settling NK on terms almost identical to those which led to Ter-Petrossian's ouster in 1998, in the face of a popular outcry, and Ter-Petrossian and his cronies have shown they are not above trying to manipulate public opinion on the issue for selfish political ends. Other political parties and public figures ) and likely many Armenians in the worldwide Diaspora -- are sincerely anxious that Armenia will be pressured into accepting a bad deal. It remains to be seen how adroitly, or otherwise, President Sargsian will navigate these treacherous

political waters: negotiating the deal and preparing public opinion, while maintaining his political standing.

YOVANOVITCH